

EMPLOYER ADVISORY COMMITTEE

MINUTES

September 26, 2002

DRS Members Present:

Dave Nelsen, Chairperson.

Additional DRS Staff Present:

Scott Koura, Public Employee's Retirement System; Michelle Hardesty, Employer Support Services; Brian Berghoff, Employer Support Services; Steve Nelsen, Legal/Legislative Services.

Employer Members Present:

Les Adams, and Colby Cavanaugh, King County; Joanne Amrine, Chehalis School District; Rachel Brock, University of Washington; John Goetz, Center for Information Services; Chandra Horan, and Nancy Pooler, Port of Seattle; Debbie Meach, Human Resources Information Systems Division (HRISD); Nancy Savage, and Shelly Foutz, Pierce County; Pamm Scott, Bellevue Community College; Sally Spangler, Washington State Patrol; Brigitte Hoopes, City of Kent; Tom Gaines, Washington School Information Processing Cooperative (WSIPC); Michelle Mortimer, City of Olympia; Kimberly Holtz, Office of Financial Management (OFM); John McGuire, Department of Social & Health Services.

Employer Members Not Present:

Mary Christle, Educational Service District; Reagan Ulrich, and Elizabeth Vasquez, Chelan County PUD 01;

Agenda Items:

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| • Legislative Summary
<i>Dave Nelsen</i> | • Discussion about member Annual Statements and upcoming Employer Satisfaction Survey
<i>Dave Nelsen</i> |
| • PERS 3 Update
<i>Scott Koura</i> | • Open Discussion
<i>Committee</i> |
| • Demonstration of Epay and upcoming Member Reporting Verification (MRV) web based applications
<i>Dave Nelsen</i> | • Agenda Items for Next Meeting
<i>Committee</i> |

LEGISLATIVE SUMMARY

Steve Nelsen updated the committee on some topics that were discussed by the Joint Committee on Pension Policy (JCPP) at a recent meeting.

Excess Compensation:

The JCPP conducted a hearing on the topic of excess compensation. Staff presented the statutory framework and process for calculating excess compensation billings to employers.

LEOFF Plan 2 duty-related disability:

The JCPP discussed LEOFF 2 duty disability benefits. In LEOFF Plan 2, like PERS, SERS, and TRS, duty disability benefits are an earned retirement benefit based on the number of years worked. The member's benefits are actuarially reduced from their normal retirement age when a member retires on disability.

Initiative 790:

A hearing on the fiscal impact of Initiative 790 (I-790) was conducted at the September 18 JCPP meeting. I-790 will be on the November 5, 2002 state ballot. The office of Financial Management discussed the fiscal impact statement that will be included in the Voter's pamphlet. Norm Losk, an actuarial consultant hired to review the cost analysis prepared by the Office of the State Actuary, presented his findings. OFM's analysis is available at: www.ofm.wa.gov/initiatives/i790.htm and Norm Losk's is available at: www.ofm.wa.gov/initiatives/report.pdf

The initiatives would change the way in which LEOFF Plan 2 would be governed. The initiative would set up a board that would have the authority, subject to legislative oversight, to establish additional benefits.

Early Retirement:

There was a staff review at the September 18 meeting of a 1998 early retirement study prepared by the Office of the State Actuary regarding the costs and savings related to past early retirement legislation.

Pension Funding Council:

The PFC met on September 17 to adopt the new contribution rates. For TRS and SERS the contribution rate changes will be effective on September 1, 2003. PERS and LEOFF contribution rate changes will occur on July 1, 2003.

State Actuary

Gerry Allard retired.

Please call Dave Nelsen at (360) 664-7163 or 1-800-547-6657 ext. 47163 or Steve Nelsen at (360) 664-7308 if you have any questions.

PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS) 3 UPDATE

Following are highlights of the PERS Plan 3 update:

- Phase 1 and 2, Member Newsletters were mailed.
- All forms are out on website
- 11 ½ % transferred to Plan 3.
- 80 % of the total members that transferred did so in the final month, week and days.
- DRS is monitoring transfer and investment seminars and reporting back to ICMA.
- ICMA phone center took a tremendous number of calls in August with a 25 second response time.
- According to Employer Surveys filled out by training attendees, knowledge of Plan 3 prior to employer training was less than 3 % and after the training it was nearly 4 %.
- Employer Training on Plan 3 is complete. Any additional questions employers may have can be addressed by contacting ESS at DRSEmployer@drs.wa.gov, or calling at 1-800-547-6657, ext 4-7200, option 2.

DEMONSTRATION OF EPAY AND MRV WEB BASED APPLICATIONS

- Email will go out early next week encouraging employers to use Epay.
- Epay is “live” as of this moment.
- Some benefits of the Epay application are:
 - Allows you to copy over totals from WBET and Invoice #'s to the electronic payment advice.
 - Use one screen to enter and make payment for all systems and plans, including Plan 3.
 - More timely application of funds.
 - More secure than mailing checks.
- MRV (Member Reporting Verification) application is under development.
- This will allow employers to see what salary and hours have posted to an employee's retirement account.
- This application should be production ready in December.

DISCUSSION ABOUT ANNUAL STATEMENTS AND ER SATISFACTION SURVEY

The committee was asked about the benefits of distributing the member annual statements to employers pre-stuffed in window envelopes, with the address showing. Those committee members that use the sequencing option felt it would be beneficial only if the sequence number was visible through the window. Other committee members that don't sequence the statements were positive about this as long as the last four digits of the Social Security Number were visible. Input from the EAC will be provided to DRS management to evaluate for future modifications to the annual statement process.

Committee members felt DRS should add some questions to the Employer Satisfaction Survey about the Electronic Services offered to employers. This survey will be sent to all employers in late October of 2002.

OPEN DISCUSSION

The following were issues or concerns that were raised at the meeting:

- Look into adding D.O.B. to the MIF's.
- On Epay move the submit button to bottom of page.
- Have a report for Epay that can show who submitted it, when they submitted it and what they submitted.
- Have an Epay log that lists previously submitted forms.
- Print updates to the Employer Handbook are still experiencing errors, still seem somewhat sloppy. The committee approved of the idea of distributing the Employer Handbook on Compact Disk, rather than on paper.

The Next Meeting

The next EAC meeting is scheduled for December 5 from 9:30 a.m. to 12 p.m., at the DRS Point Plaza West building located at 6835 Capitol Boulevard in Tumwater. Please see the map to DRS on the EAC Web site for directions to the facility.

A confirmed agenda will be available on the Employer Advisory Committee Web site in November 2002.

Parking for the meetings

There are visitor's parking spaces located in front of the building. You may also park in any stall that is not marked for another agency such as DSHS or OFM.

Questions

If you have any questions, please contact Dave Nelsen at (360) 664-7163, 1-800-547-6657 ext. 47163 or by e-mail at daven@drs.wa.gov.